



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169

A Tradition of Service



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

42 April 16, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

April 16, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**APPROVE THE ACQUISITION OF HEWLETT PACKARD SUPERDOME 2, 3PAR
HARDWARE, NATIVE OPERATING SOFTWARE, AND DATA MIGRATION
SERVICES FOR THE LOS ANGELES COUNTY SHERIFF'S DEPARTMENT,
APPROVE ISSUANCE OF LOS ANGELES COUNTY CAPITAL ASSET LEASING
CORPORATION BOND ANTICIPATION NOTES TO FINANCE THE SUPERDOME
EQUIPMENT COSTS, AND ADOPT REIMBURSEMENT RESOLUTION
(ALL DISTRICTS) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

The Los Angeles County Sheriff's Department (Department) is seeking the Board's approval to: a) authorize Internal Services Department (ISD) to proceed with the acquisition of Hewlett Packard (HP) Superdome 2, 3PAR hardware, native operating system software, and data migration services, b) provide for interim financing for the server hardware and software portion of the acquisition, and c) take the needed action to enable the Los Angeles County (County) to maximize reimbursement for the cost of purchasing this equipment.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize ISD, as the County Purchasing Agent, to proceed with the acquisition of the HP Superdome 2, 3PAR hardware, native operating system software and data migration services for an estimated purchase price of \$3.3 million.
2. Approve the issuance of short-term Bond Anticipation Notes (BAN) in an aggregate amount not to exceed \$3.04 million to finance the acquisition of HP Superdome 2, 3PAR Hardware, and native

operating system software through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL).

3. Adopt the attached "Resolution of the Board of Supervisors of the County of Los Angeles Declaring its Intention to Reimburse Certain Capital Expenditures from the Proceeds of Taxable or Tax-Exempt Obligations (2012-13 Equipment BANs Program-Server Replacement Project)."

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department's existing HP Superdome infrastructure was acquired in 2004. The current environment is now more than eight years old and approaching "end-of-life." The file storage capacity is fully utilized with no remaining available capacity for new applications or the expansion of existing applications. Several of the automated systems hosted on the current environment would not have the additional computing and storage resources necessary for required application upgrades or to accept additional data. As the majority of the applications continue to add users and new data, the performance on the aging Superdome environment may degrade to a point where it essentially becomes unusable, forcing the Department to resort to manual processes.

At present, the Department obtains HP maintenance support on Superdome from ISD's Technical Equipment Maintenance Services (TEMS) master services agreement. Due to the equipment's age and the limited availability of replacement parts, the cost for maintaining the existing obsolete infrastructure is approximately \$1.05 million per year. After securing Superdome 2, the average maintenance cost is anticipated to be less than \$335,000 per year.

Acquiring the new Superdome 2, 3PAR hardware, native operating system software, and data migration services will provide the Department with:

1. State-of-the-art computer technology with increased computing capacity using the same physical equipment footprint:
 - a. Up to 300 percent increase in Central Processing Unit (CPU) power, while still maintaining the same CPU core count;
 - b. 200 percent increase in Random Access Memory capacity;
 - c. 400 percent increase in hard storage capacity.
2. Increase the performance and reliability of critical public safety applications within the County and provide a stable platform to perform needed software application upgrades.

Approval of the recommended actions will also allow the issuance of new short-term BANs in Fiscal Year (FY) 2012-13 to provide interim financing of up to \$3.04 million in server system equipment acquisitions for the Department in accordance with Federal tax regulations and enable the County to maximize reimbursement for costs related to the financing of this equipment. The Board previously authorized LAC-CAL BAN issuance of an amount up to \$67.5 million for interim financing for FY 2012-13 equipment acquisitions on August 21, 2012. The Department did not include this server system equipment replacement in its authorization request for FY 2012-13 LAC-CAL equipment financing due to the procurement and financing still being developed at that time. This action will provide the necessary authorization for the BAN issuance to provide the interim financing for acquiring the server system equipment.

The BANs will be issued by LAC-CAL and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified server system equipment. Subsequently, the BANs will be redeemed and the County Treasury Pool reimbursed through the issuance of intermediate-term lease-revenue bonds, notes, certificates of participation, or a lease with a third-party lessor. The repayment term for the financed server system equipment costs will be five years.

REIMBURSEMENT RESOLUTION

In addition to the approval of the BANs issuance for the server system equipment acquisitions, we are requesting the Board execute the attached Reimbursement Resolution (Resolution), approved as to form by County Counsel, to comply with Federal tax regulations governing the recovery of County capital costs from taxable and tax-exempt bond proceeds. Execution of the Resolution will enable the County to maximize reimbursement for costs related to the financing of the equipment.

Implementation of Strategic Plan Goals

The acquisition of this computer equipment supports the County's Strategic Plan, Goal 1, Operational Effectiveness, to maximize the County's process, structure, and operations to meet the information technology requirements of the Department.

FISCAL IMPACT/FINANCING

The Department presently allocates funds for maintenance and support of the existing HP Superdome, which it will use to fund the Superdome 2 related maintenance and LAC-CAL lease payment costs. The total average cost of the new Superdome 2 system over the next five years will be approximately the same as what the Department would experience maintaining the current system. The annual LAC-CAL lease-purchase payments will begin in FY 2013-14, with the amount to be determined by the final acquisition costs and interest rates in effect at time of the completion and acceptance of the financed equipment, which is expected no earlier than June 2013. The Chief Executive Office (CEO) estimates the LAC-CAL payment obligation will be up to \$664,000 annually, with total payments over the five-year term at up to \$3.32 million. To cover the LAC-CAL lease payments, the Department will request an adjustment to its FY 2013-14 operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 3, 2012, the Department submitted an Advance Notification of Intent Letter to negotiate a sole source master lease purchase agreement with HP Financial Services Leasing to provide computer hardware, software, 5 years of critical system level maintenance support, and data migration upgrade services for the Sheriff's Department Superdome and storage infrastructure. The Department entered negotiations with HP; however, no agreement was reached. As a result, a competitive acquisition of Superdome 2, 3PAR hardware, native operating system software, and data migration services was determined to be in the best interest of the County.

Approval of the recommended actions will authorize the CEO to obtain tax-exempt financing through LAC-CAL, and authorize ISD to proceed with the acquisition of Superdome 2, 3PAR hardware, native operating system software, and data migration services. The Department will utilize ISD's existing TEMS Contract with HP to provide the critical-system level of maintenance support for the Superdome 2, 3PAR hardware, and native operating system software required by the Department for systems hosting mission-critical and business-critical Departmental applications.

This request complies with the County Equipment Policy the Board approved on October 16, 2001. This policy requires departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

The acquisition of the equipment falls under the statutory authority of the County Purchasing Agent. However, the service component associated with this project may exceed the authority of the Purchasing Agent. Therefore, Board approval is required for the Purchasing Agent to proceed with this aspect of the acquisition.

The Chief Information Officer (CIO) has reviewed and endorsed the proposed acquisition as outlined in the attached CIO analysis.

This Board Letter has been reviewed by County Counsel. The attached Reimbursement Resolution has been approved as to form by County Counsel.

CONTRACTING PROCESS

This is a commodity purchase under the statutory authority of the Purchasing Agent. The purchase will be requisitioned through and accomplished by the Purchasing Agent in accordance with the County's purchasing policies and procedures established by ISD.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current operations and services for the Department.

CONCLUSION

Upon approval by the Board, please return three adopted copies of this letter to the Department's Contracts Unit and the Internal Services Department.

Sincerely,



LEROY D. BACA
Sheriff



RICHARD SANCHEZ
Chief Information Officer

LDB:AW:aw

Enclosures



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

Attachment A

NUMBER:

CA 13-06

DATE:

3/6/2013

SUBJECT:

APPROVE THE ACQUISITION OF HEWLETT PACKARD SUPERDOME 2, 3PAR HARDWARE, NATIVE OPERATING SOFTWARE, AND DATA MIGRATION SERVICES FOR THE SHERIFF'S DEPARTMENT, APPROVE ISSUANCE OF LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION BOND ANTICIPATION NOTES TO FINANCE THE SUPERDOME EQUIPMENT COSTS, AND ADOPT REIMBURSEMENT RESOLUTION

RECOMMENDATION:

☒ Approve

☐ Approve with Modification

☐ Disapprove

CONTRACT TYPE:

☒ New Contract

☐ Sole Source

☐ Amendment to Contract

☐ Other: Describe contract type.

CONTRACT COMPONENTS:

☐ Software

☒ Hardware

☐ Telecommunications

☒ Professional Services

SUMMARY:

Department Executive Sponsor: Chief David Betkey, Technical Services Division

Description: The Sheriff's Department is requesting approval to acquire HP's Superdome 2, 3PAR Hardware, native operating system, and Data Migration Services utilizing ISD's acquisition process.

Contract Amount: \$3.3 mil estimated

Funding Source: Department's operating budget.

☐ Legislative or Regulatory Mandate

☐ Subvened/Grant Funded:

**Strategic and
Business Analysis**

PROJECT GOALS AND OBJECTIVES:

- Under this Agreement, the Sheriff's Department (Sheriff) will procure new computers, software, and Data Migration Services to replace a computing platform that is no longer supported by the manufacturer.
- Increase the performance and reliability of critical public safety applications within the County and provide a stable platform to perform needed software application upgrades.
- High cost of maintenance due to the existing equipment's age and the limited availability of replacement parts to maintain the existing obsolete infrastructure.

BUSINESS DRIVERS:

- When fully implemented, the new hardware will support departmental technology requirements for public safety applications. The new computer technology will significantly increase computing capacity (processor speed, memory, and storage capacity).
- Reduce the current HP monthly maintenance support cost.

PROJECT ORGANIZATION:

A dedicated Project Manager from Sheriff's Data System Bureau (DSB) will lead the effort to work with the vendor to deploy and configure the new hardware and data migration.

PERFORMANCE METRICS:

The installation of the new hardware will be deemed production ready once all systems have been configured and tested for interoperability with the other components in Sheriff's Data Center. DSB will conduct follow-up performance testing to validate.

STRATEGIC AND BUSINESS ALIGNMENT:

The acquisition of HP Superdome 2 will replace an outdated technology and provide a more robust hardware platform that will increase system performance and minimize storage issues for critical applications. It will also improve performance and expand storage capacity at a reduced cost for ongoing maintenance cost.

PROJECT APPROACH:

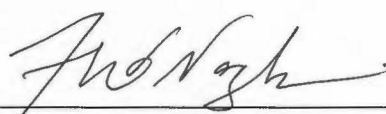
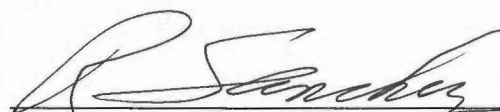
The new hardware will be implemented according to the project plan and requires professional services for data migration. The project will be managed by DSB, and there will be minimum scheduled downtime during implementation of the new hardware and data migration.

ALTERNATIVES ANALYZED:

All hardware components of this project will be competitively bid with HP partners.

The Department requires this upgrade to provide a platform to enable the upgrade of the Oracle databases to the current software version. The Department has a plan to move all updated Oracle databases off of the proprietary HP Itanium chip platform to the open x86 chip platform. It is anticipated that this migration could take several years. This purchase will provide sufficient time for the Sheriff's Department to support their existing environment while planning to move to a new open platform in the coming years.

Technical Analysis	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <ul style="list-style-type: none"> • The HP Superdome servers being replaced are past their five-year lifespan and are incurring increasing hardware maintenance costs. The hardware refresh is needed to avoid extended downtime and improve performance to mission critical applications. The new platform will provide: <ul style="list-style-type: none"> ○ Up to 300% increase in CPU processing power, while still maintaining the same CPU core count; ○ 200% increase in RAM memory; and ○ 400% increase in hard storage capacity. 																				
Financial Analysis	<p>Contract costs</p> <p>One-time costs:</p> <table> <tr> <td>Hardware</td><td>\$ 1,919,866</td></tr> <tr> <td>Software.....</td><td>\$ 756,221</td></tr> <tr> <td>Services</td><td>\$ 607,719 *</td></tr> <tr> <td>Sub-total Contract Costs:</td><td>\$ 3,283,806</td></tr> </table> <p>Other County costs:</p> <p>Ongoing annual costs:</p> <table> <tr> <td>Maintenance services</td><td>\$ 405,379 **</td></tr> <tr> <td>County staff (existing).....</td><td>\$ 400,000</td></tr> <tr> <td>Sub-total ongoing County costs:</td><td>\$ 805,379</td></tr> </table> <p>Total one-time costs: \$ 3,283,806</p> <p>Total ongoing annual costs: \$ 805,379</p> <p>Note:</p> <table> <tr> <td>* Data migration services:</td><td>\$250,000</td></tr> <tr> <td>Installation and implementation services:</td><td><u>\$357,719</u></td></tr> <tr> <td></td><td>\$607,719</td></tr> </table> <p>** Maintenance services to be performed under existing HP Agreement.</p>	Hardware	\$ 1,919,866	Software.....	\$ 756,221	Services	\$ 607,719 *	Sub-total Contract Costs:	\$ 3,283,806	Maintenance services	\$ 405,379 **	County staff (existing).....	\$ 400,000	Sub-total ongoing County costs:	\$ 805,379	* Data migration services:	\$250,000	Installation and implementation services:	<u>\$357,719</u>		\$607,719
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Risk Analysis	<p>RISK MITIGATION:</p> <p>There are minimal risks to this proposed contract. However, if a non-HP partner is selected the technical learning curve associated with new hardware and data migration may be at risk. This risk will be mitigated through the use of HP certified professionals, having necessary training and providing knowledge transfer.</p> <p>The Chief Information Security Officer (CISO) has reviewed the Agreement and did not identify any security risks or issues.</p>																				

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<p>CIO Approval</p>	<p>PREPARED BY:</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr/> <p>Fred Nazarbegian, Sr. Associate CIO</p> </div> <div style="text-align: center;"> <p>4-2-13</p> <hr/> <p>Date</p> </div> </div> <p>APPROVED:</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  <hr/> <p>Richard Sanchez, County CIO</p> </div> <div style="text-align: center;"> <p>4-3-13</p> <hr/> <p>Date</p> </div> </div>

Please contact the Office of the CIO (213.253.5600) or info@cio.lacounty.gov for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

EXHIBIT A – REIMBURSEMENT RESOLUTION

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO
REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM THE
PROCEEDS OF TAXABLE OR TAX-EXEMPT OBLIGATIONS
(2012-13 EQUIPMENT BANs PROGRAM – SERVER REPLACEMENT PROJECT)

WHEREAS, the County of Los Angeles (the "County") desires and intends to undertake the purchase of server system equipment having a useful life of five years (the "Equipment"); and

WHEREAS, no funds of the County or of any other entity which is a part of the controlled group of which the County is a part (the "Controlled Group") as such term is defined in Section 1.150-1 of the regulation of the United States Treasury under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations") are, or are reasonably expected to be, allocated, reserved or otherwise set aside in the County's budget or in the Controlled Group's budget on a long-term basis to pay the costs of the Equipment; and

WHEREAS, the costs of the Equipment will initially be paid from the proceeds of Bond Anticipation Notes ("BANs") issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and purchased by the Treasurer and Tax Collector of the County; and

WHEREAS, the costs of the Equipment paid with the proceeds of the BANs are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Equipment, and

WHEREAS, the County expects to issue taxable or tax-exempt bonds, notes, or certificates of participation, or enter into a tax-exempt lease with a third-party lessor ("Obligations") to redeem the BANs and reimburse the capital expenditures of the County with respect to the Equipment which were paid with the proceeds of the BANs; and

WHEREAS, upon issuance of the Obligations, the County will: (1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the same manner governing the public availability of records of other official acts of the County Board of Supervisors; and

WHEREAS, this Resolution is intended to be a "declaration of official intent" in accordance with Section 1.150-2 of the Treasury Regulations.

NOW, THEREFORE, this Board does find, resolve, determine and order that in accordance with Section 1.150-2 of the Treasury Regulations, the County declares its intention to issue Obligations to finance the Equipment in an amount not to exceed \$3,040,000 the proceeds of which will be used to reimburse the County for capital expenditures paid for the Equipment prior to the issuance of said Obligations.

The foregoing resolution was on the 16th day of April, 2013 adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



SACHI A. HAMAI, Executive Officer,
Board of Supervisors of the County
of Los Angeles

By

Lachelle Smithman
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
COUNTY COUNSEL

By

[Signature]
Principal Deputy County Counsel